(latest available) is given in the Annexure. (*See* Appendix 173. Annexure No. 28)

Mobilisation of foreign investment

1136. SHRI S. S. AHLUWALIA: Will he Minister of FINANCE be pleased to state:

(a) whether it is a fact that several foreign financial companies have been allowed to operate in the money market and in other economic activities in India;

(b) whether it is a fact that these financial companies are having financial interests all over the world and have been instrumental in channelising foreign investments into the country since commencement of their operation in India;

(c) the details of the foreign investments mobilised so far by these organisations;

(d) whether Government are aware of the extent of their potential to create hindrances, if they so desire in the flow of foreign investment and/or to enforce withdrawal of existing investment by inter alia propagating distorted peture about the state of our economy;

(e) the details of provisions allready made or contemplated by Government to safeguard the economy against the impact of such eventualities;

(f) whether some of these foreign financial companies have since recently been making publicity of their preictio of major devaluation of Rupee in the near future; and

(g) the reaction of Government to a foreign companies indulging in such specuation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHARA MURTHY): (a) Foregn Institutional Investors (FIIs) registered with the Securities and Exchange Board of India (SEBI) are allowed to invest in the securities of Indian firms which are listed or are to be listed on the Stock Exchange in India as well as in schemes floated by domestic mutual funds. FIIs are not allowed to invest in any other type of securities including money market instruments such as treasury bills. Foreign Financial Companies are also permitted on a case by case basis to established joint ventures in Indian to carry out activities like merchant banking and Securities broking.

(b) There are 306 FIIs registered with SEBI (as on 11.3.1995) representing the major global financial centres.

(c) As per the data available with SEBI, net foreign investment by FIIs as on March 11, 1995 stood as US $ 3179.5 million.

(d) and (e) While it is difficult to completely isolate any stock market in which cross border investment flows are permitted from the effects of international developments, the restrictions on foreign institutional investment in terms of a ceiling for such investment in any single company to the extent of 5 percent of the capital by an FII and to the extent of 24 per cent of the capital by all FIIs and NRIs as well as the ceiling on exposure of FII investments to Debt securities, would help minimise the impact.

(f) and (g) Several foreign as well as Indian Companies periodically publish research reports, predicting future movements in various Currencies including the Indian Rupee, based on their assessment of the markets and the fundamentals of different economies. Research and market analysis is an important adjunct of a capital market and promotes investor awareness.